

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2017/2018

### **BAB2024 – MANAGEMENT ACCOUNTING FOR MANAGERS**

(All Section / Groups)

31 MAY 2018  
2.30 pm- 4.30 pm

(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 4 questions only.
2. Attempt **ALL** questions. All questions carry equal marks and distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1**

A. Kirana Manufacturing a producer music compact discs. The following account balances are for the year ended 30 June.

	RM
Administrative expenses	80,000
Depreciation expense – Manufacturing equipment	70,000
Direct labor	488,000
Manufacturing supplies expense	60,000
Indirect labor	66,000
Beginning inventories, June 1:	
Direct materials	17,000
Work in process	30,000
Finished goods	128,000
Ending inventories, June 30:	
Direct materials	45,000
Work in process	58,000
Finished goods	93,000
Direct materials purchases	226,000
Rent expense – Factory	68,000
Sales	1,800,000
Selling expense	92,000
Other manufacturing overhead	226,000

**Required:**

- Prepare a statement of cost of goods manufactured for Kirana Manufacturing for the year ended 30 June. (12 marks)
- Prepare an income statement for the year ended June 30. (8 marks)

Continued .....

- B. Mini Umbrella, Sdn Bhd., is considering producing a new type of raincoat called as "pocket raincoat". Classify the following costs of this new product as direct materials, direct labor, manufacturing overhead or period cost

Cost of advertising the product.

Fabric used to make the coat

Maintenance of cutting machines used to cut the coat fabric

President's salary

The salary of the supervisor of the people who assemble the product

Cost of market research survey

Salary of the company's sales managers

Depreciation of administrative office building

Property tax of factory building

Factory Repairs

(5 marks)

(Total: 25 Marks)

## QUESTION 2

- A) Following is the contribution margin income statement of a single product company:

	Total (RM)	Per unit (RM)
Sales	1,600,000	80
Less variable expenses	1,120,000	56
Contribution margin	480,000	24
Less fixed expenses	300,000	
Net operating income	80,000	

### Required:

1. Calculate break-even point in units and dollars.
2. What is the contribution margin at break-even point.
3. Compute the number of units to be sold to earn a profit of RM60,000.
4. Compute the break even point in unit if unit selling price increase 20% with no changes in costs, expenses and sales volume.

(12 marks)

Continued .....

- B) Pipi Merah Ltd manufactures and sells cameras. The unit selling price and production costs are as follows:

	RM
Selling price	70
Direct materials	10
Direct labour	9
Fixed manufacturing overheads	3,500
Variable overheads	4

The following monthly costs are also incurred:

Fixed administrative overheads	RM 12,000
Variable sales overheads	6% of sales value
Fixed sales overheads	RM3,000

During the month of April 2017 a total of 2,400 units were produced, of which 1,800 were sold. There was no stock on hand at the beginning of April. Prepare a variable costing income statement for April 2017.

(13 marks)

(Total: 25 Marks)

### QUESTION 3

- A) Wook Industries has budgeted the following unit sales:

<u>2017</u>	<u>Units</u>
January	12,000
February	10,000
March	7,000
April	10,000
May	14,000

The finished goods units on hand on December 31, 2016 was 2,500 units. It is the company's policy to maintain a finished goods inventory at the end of each month equal to 20% of next month's anticipated sales. Unit selling price is RM5.

#### Instructions

For the first quarter of 2017, prepare (1) a sales budget and (2) a production budget.

(17 marks)

Continued .....

B) Suspicious Sdn. Bhd. provided the following information:

	<u>July</u>	<u>August</u>	<u>September</u>
Projected merchandise purchases	RM92,000	RM80,000	RM66,000

- Suspicious pays 40% of merchandise purchases in the month purchased and 60% in the following month.
- General operating expenses are budgeted to be RM25,000 per month of which depreciation is RM2,000 of this amount. Suspicious pays operating expenses in the month incurred.
- Suspicious makes loan payments of RM6,000 per month of which RM500 is interest and the remainder is principal.

**Required:**

Calculate budgeted cash disbursements for September.

(8 marks)

(Total: 25 Marks)

#### QUESTION 4

Harisa Company has developed the following standard costs for its product for 2017:

##### HARISA COMPANY Standard Cost Card

Product Ant				
<u>Cost Element</u>	<u>Standard Quantity</u>	×	<u>Standard Price</u>	= <u>Standard</u>
<u>Cost</u>				
Direct materials	5 Kilogram		RM2	RM10
Direct labor	3 hours		6	18
Manufacturing overhead	3 hours		5	15
				<u>RM43</u>

The company expected to produce 25,000 units of Product Ant in 2017 and work 85,000 direct labor hours.

Actual results for 2017 are as follows:

- 28,000 units of Product Ant were produced.
- Actual direct labor costs were RM500,000 for 80,000 direct labor hours worked.
- Actual direct materials purchased and used during the year cost RM300,000 for 180,000 kilogram.
- Actual variable overhead incurred was RM255,000 and actual fixed overhead incurred was RM305,000.

Continued .....

**Required:**

1) Compute the following variances by showing all computations to support your answers. Indicate whether the variances are favorable or unfavorable.

- (a) Materials quantity variance.
- (b) Direct labor price variance.
- (c) Direct labor quantity variance.
- (d) Direct materials price variance.
- (e) Total overhead variance.

**(20 marks)**

2) List any 3, reasons causes of materials variances.

**(5 marks)**

**(Total: 25 Marks)**

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